



## Value co-creation for FM innovation: Is it possible, and if yes, how?

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*Published in:*  
FM Update

*Publication date:*  
2017

*Document Version*  
Publisher's PDF, also known as Version of record

[Link back to DTU Orbit](#)

*Citation (APA):*  
Nardelli, G. (2017). Value co-creation for FM innovation: Is it possible, and if yes, how? *FM Update*, 17(1), 4-6.

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# VALUE CO-CREATION FOR FM INNOVATION: IS IT POSSIBLE, AND IF YES, HOW?

No matter the industry, co-creation of value is a hot topic. Marketing specialists swear by it; manufacturers and service providers try to integrate it in their innovation practices; researchers study it. But what is value co-creation, and how does it apply to FM?



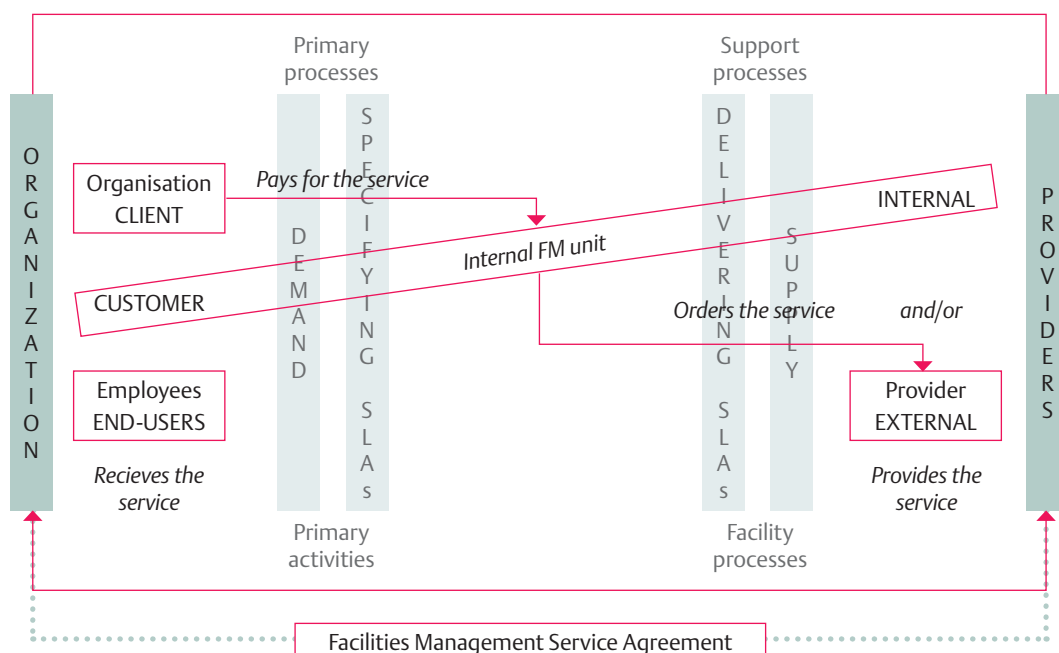
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Value co-creation is grounded in the recognition that firms are no longer in full charge of deciding upon the value to be offered to markets, but rather need to continuously cooperate with their customers, who become active collaborators in the creation of value. Value, in fact, is jointly created by supply and demand. The former offer the frame and resources for the co-creation of value, and the latter make their needs and expectations explicit and share their knowledge on how to satisfy them. In FM, value is created first and foremost by delivering and maintaining services that support the core business of organisations. According to the EN15221-1 definition, FM is “the integration

of processes within an organization to maintain and develop (...) services which support and improve the effectiveness of its primary activities”. In other words, FM is expected to create value for the organization it belongs to, by at least delivering and maintaining services that support the core business. Moreover, FM can add value by contributing to the organisational performance it belongs to (Jensen and Van der Voordt, 2017).

In December 2015, FM Update published “Innovation management or conflict resolution? How to take advantage of stakeholder interactions to drive FM inno-

FIGURE 1: THE FM SERVICE PROCESS



Source: Nardelli (2014) – Adapted from EN15221-1, 2006.

vation and improvement processes". In the article, I reflected upon the challenges that the heterogeneity of FM stakeholders poses for the management of innovation, and stressed that all stakeholders needs and expectations need to be taken into consideration when managing innovation and improvement (Nardelli, 2015). Value co-creation is one way for providers to manage innovation and improvement processes together with their demand. In fact, the relationship between FM supply and demand is not straightforward. Internal FM units share supply, i.e., the service provision, with outsourced providers, while at the same time being their customer. On the demand side of FM service provision, moreover, we find organisation to which the internal FM unit belongs to and its employees, who, as end users, eventually receive and benefit from the services (Figure 1). This heterogeneity of stakeholders in the FM service process implies a variety of needs and expectations to take into consideration when innovating. Furthermore, it raises specific questions on the co-creation of value for FM innovators: *who should we co-create value with? How should we organise for and manage value co-creation? Which tools and methods can we use to support a successful co-creation of value? How does value co-creation actually affect satisfactions of clients, customers and end users?*

The heterogeneity of the FM demand can actually be an advantage to FM innovators, as they have a large pool of stakeholders to co-create value with. FM innovators can in fact, co-create value together with clients, customers and end users. The caveat is that it is not possible to co-create value with all stakehold-

ers in the same way. On the contrary, what works for cooperating with top management does not yield the same results when applied to internal FM units or end users. Value is co-created with top management mostly when the purpose is support and legitimate strategic decision-making and planning behind new FM services and processes. End-users, conversely, contribute the most when involved in more operational co-creation processes.

FM innovators can therefore organise for and manage value co-creation by distinguishing between needs and expectations of the different stakeholder groups, and planning cooperation activities accordingly. Table 1 synthesises some of the support tools and methods that can be used to involve FM stakeholders in FM innovation. The tools and methods are classified in the table based on the role of the stakeholders, and the type of stakeholder involvement.

The contribution of stakeholders as a resource is variable. Stakeholders can play the role of users through service testing and service support. When involved as users, stakeholders test the service and provide feedback based on their experience, which allows the FM innovators to improve their offering accordingly. When playing the role as a resource, customers are usually passive: providers investigate customers' opinions, needs and expectations through, for example, surveys or focus groups. Finally, stakeholders can be actively involved as co-creators, and thus participate in various activities, from design to development of the new service. Customer-firm interactions in this type

TABLE 1: TOOLS AND METHODS FOR VALUE CO-CREATION

	User	Resource	Co-creator
<b>Organization as a whole/Client</b>	Ad hoc meetings	Transparency matrices and models Workshops Scenario analysis (with or without simulation IT)	Regular and ad hoc meetings Workshops
<b>Internal FM unit/ Customer</b>	Workshops	Workshops Shared training Team buildings activities IT for information management and sharing	Workshops Face-to-face meetings ICT for information management and sharing Team building activities Scenario analysis
<b>Employees/End-users</b>	User-surveys User workgroups Workshops	User-surveys Face-to-face interviews Workshops Idea competitions Shared training Team-building activities	Shared training Idea competition Workshops

Adapted from Nardelli & Scupola (2014)

of involvement must be more intense and frequent, and the support mechanisms for such interactions are expensive, time consuming and technology intensive.

Overall, workshops are the preferred tool for most value co-creation activities, as they can be adapted in structure and functioning to specific contexts and needs. For example, workshops organised with outsourced providers and internal FM units can be used to involve the latter as co-creators, e.g., when training personnel for new service provision processes. Also tools based on Information and Communication Technology (ICT) can be used for value co-creation, mostly to support information sharing and management. In some cases (e.g., scenario analysis and transparency matrices), ICT-based tools are useful to facilitate communication between different stakeholders when facilitating value co-creation (e.g., between internal FM unit and top management of the client organization). On the other hand, the importance of partnership-like relationships with the outsourced providers, based on trust between individuals, is mirrored in the relevance of face-to-face meetings to support value co-creation between external providers and internal FM unit, top management and end-users. However, top management needs to be involved in value co-creation through less “requiring” tools, such as regularly organized and ad hoc meetings, facilitated through scenario analysis and transparency models. This seems to be due to the need to demonstrate the professionalism and value of FM services, along with the non-strategic focus that top management tends

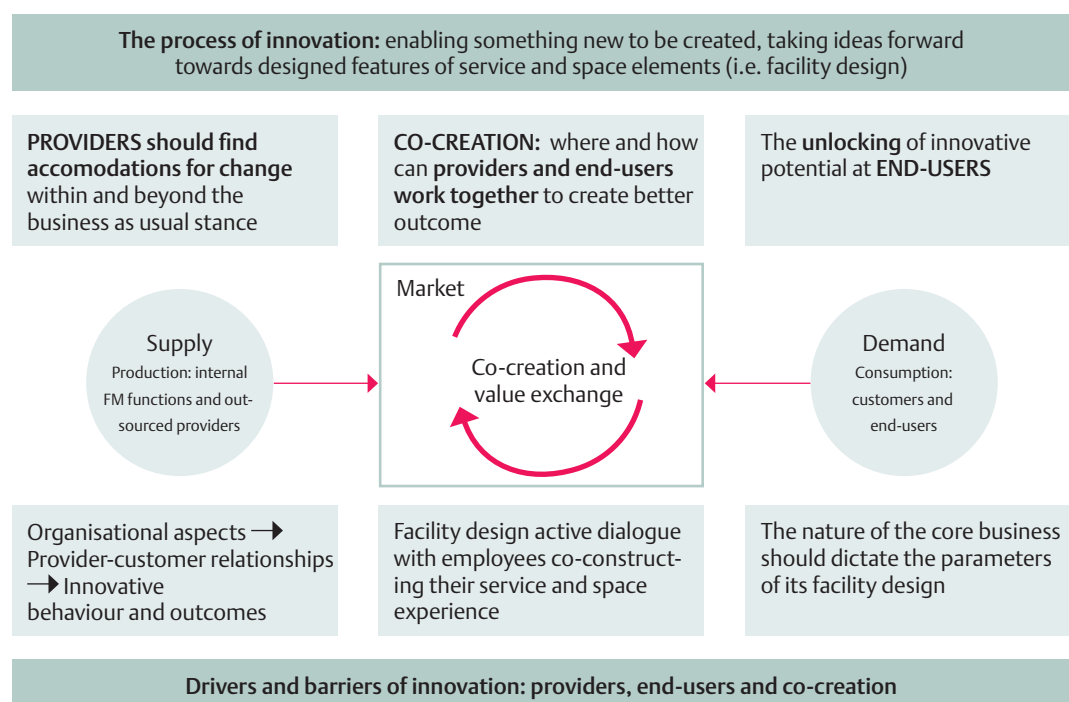
to attribute to FM services. Finally, end-users can be involved in value co-creation through shared training session, in which their knowledge, needs and expectations can be collected and shared, for instance with the front-line employees of the external providers. End-users are also sometimes involved as co-creators through idea competitions and workshops, which not only support the new service development, but also increase awareness of FM within the organization. Shared training and team building activities facilitate direct involvement as resource and co-creators and allow opening the innovation process while getting closer to the actual needs of the end-users (Figure 2).

In conclusion, value co-creation in FM is possible, and it can be implemented with all stakeholders. However, stakeholder needs and expectations have to be matched and balanced for the value co-creation to be successful. FM service providers, who are in charge of FM innovation, should aim to co-create value with different stakeholders by paying attention to their different roles and to the possible degrees of involvement. Each group of stakeholders perceives and reacts to a different type of value depending on their needs and expectations. When the value offered by new FM services matches with the specific needs and expectations of a stakeholder group, their satisfaction is positively affected. Ultimately, it is the combination of value types that allows adding value to organisations – and value co-creation supports achieving such combination as it brings providers closer to their stakeholder needs and expectations.

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FIGURE 2: THE PROCESS OF INNOVATION AND THE CO-CREATION OF VALUE WITH END USERS.



Source: Mobach, Nardelli, Kok, Konkol, & Alexander (2014); Nardelli, Konkol, Kok, & Mobach (2014)